

OPTIMIZE OR REPLACE.

An ERP Decision Guide for Manufacturers

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What We Will Cover

1. Having the right mindset and understanding what you need for a functioning ERP?
2. What is involved in optimization?
3. How do we evaluate and select the right software?

Quick Poll

In the next 12 months, who will be considering the following:

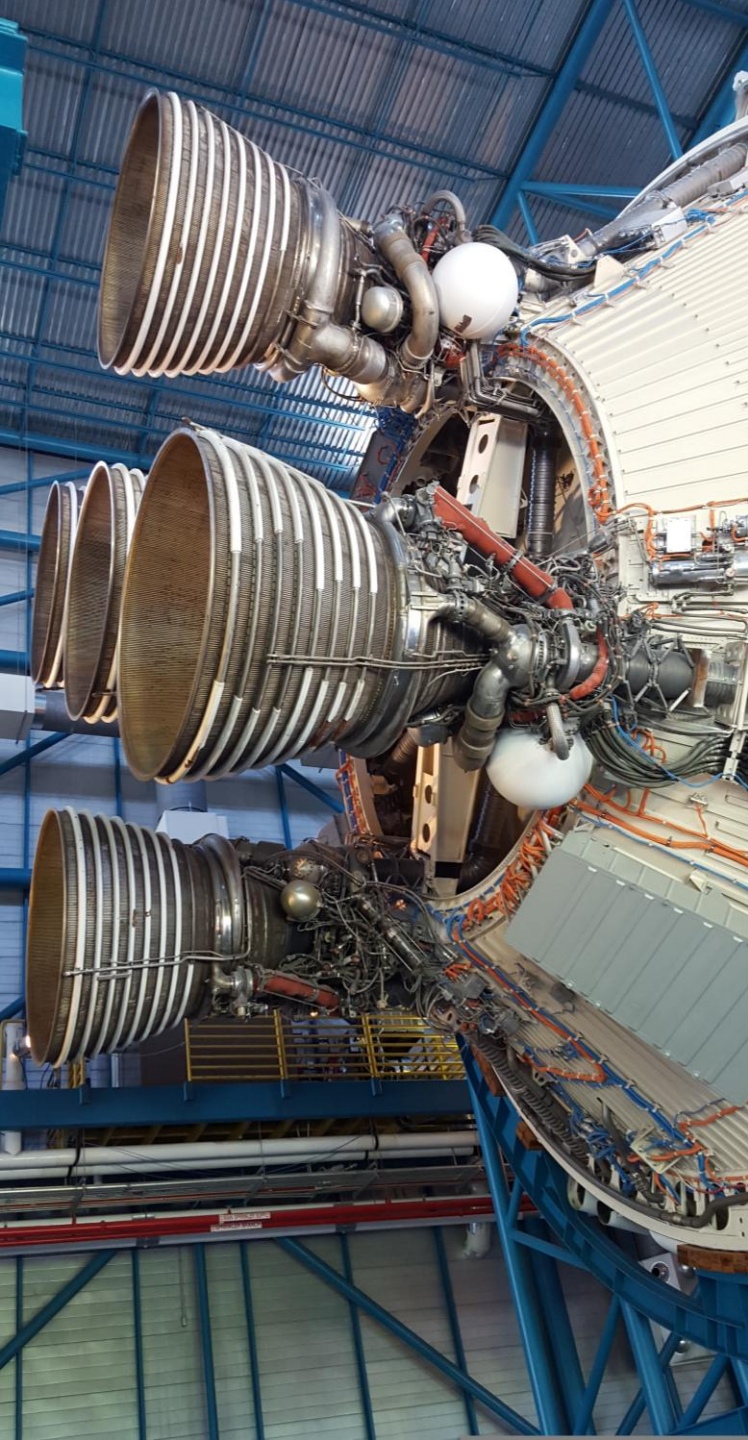
1. Optimizing their ERP system
2. Replacing their ERP system
3. Optimizing and replacing their ERP system
4. None of these

IMEC and ERP Over the Years

Over 20 years of helping Illinois manufacturers with their ERP systems.

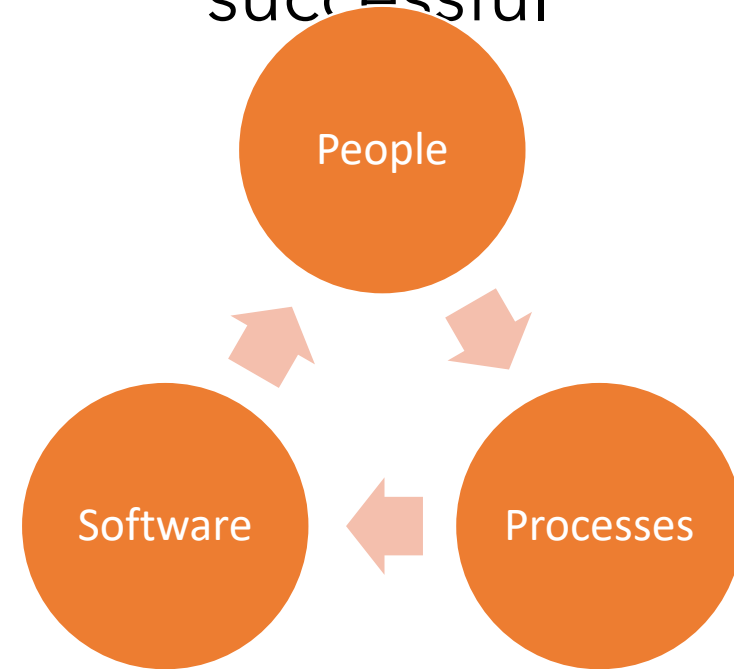
Ask yourself

- Do we have clear data ownership?
- Do planners understand MRP logic?
- Is costing actively managed?
- Is ERP accountability assigned?
- Are we fully implemented?
- Do we have multiple systems that do not communicate?



Have the Right Mindset

You must have all the pieces to be successful



ERP Success is driven by Discipline, not software

People

The decision makers in your ERP system should be:

- Engineers - Specifically a manufacturing engineer
- Accounting - Someone that understands BOM's and costing methodologies
- Planning - Certified in Planning and Scheduling from APICS
- Operations - Someone that has some financial and APICS background





Software Considerations

- Are we making batch
- Do we need MRP
- Is it best in class
- Do I have all the modules I need



Processes

Do we have all the processes to sustain accurate data?

Optimization



Data is Foundational

If you do not have accurate data in your existing system, you won't have accurate data in your new system



More on Data

Without accurate data, AI will not work.

Examples of data integrity issues:

- No or inaccurate lead times
- Inaccurate UOM's
- Uncontrolled BOM revisions
- Routing inaccuracies



Current State

Do we have the people, processes, and software?
If not, fill the gaps before proceeding.



The “How to” in Optimize

- Is your data accurate
- Do you have good processes to support good data
- If not, you need to optimize first and learn good discipline
- Implement a feedback loop

What is a Feedback Loop

- A. A cross-functional team meets weekly to discuss issues about your ERP system brought to them from all areas of the company. This is a working meeting actively solving issues and assigning corrective actions.
- B. The team has a mandate to correct processes and planning parameters supporting accurate data and is supported by executive management.
- C. The team reports to the executive staff and recommends on an annual basis changes or additions to the ERP system.
- D. Use Inventory Accuracy as a KPI or Issue Closure Rate



Do we have all the pieces

If not, keep working on the pieces then move toward replacement if the software is still not what is best for the company

Time to ask if you have the right software



- Built for our manufacturing model (batch, discrete, process)?
- Handles our costing method correctly?
- Industry adoption strong?
- Minimal customization required?
- Scalable for 3–5 years?

Optimize vs Replace Decision Filter



- Optimize first if:
 - Data maturity is low
 - Governance absent
 - Underutilizing current ERP
 - Heavy spreadsheet dependence
- Replace if:
 - System architecture obsolete
 - System misalignment to manufacturing style
 - Excessive customization required
 - Too many systems that need integration

Case Study A

Reviewed a medical manufacturer and their operating system. Their team said it wasn't working and they should replace it.

- We found:
 - They were using a best-in-class system.
 - They were not fully utilizing the system, especially in purchasing and planning.
 - Their costs were not reflected properly due to not closing and completing workorders.
 - They were not reviewing your purchase cost reports, so they did not understand when their purchase price is going up.
- Result: Improved inventory accuracy, cost visibility, and avoided ERP replacement

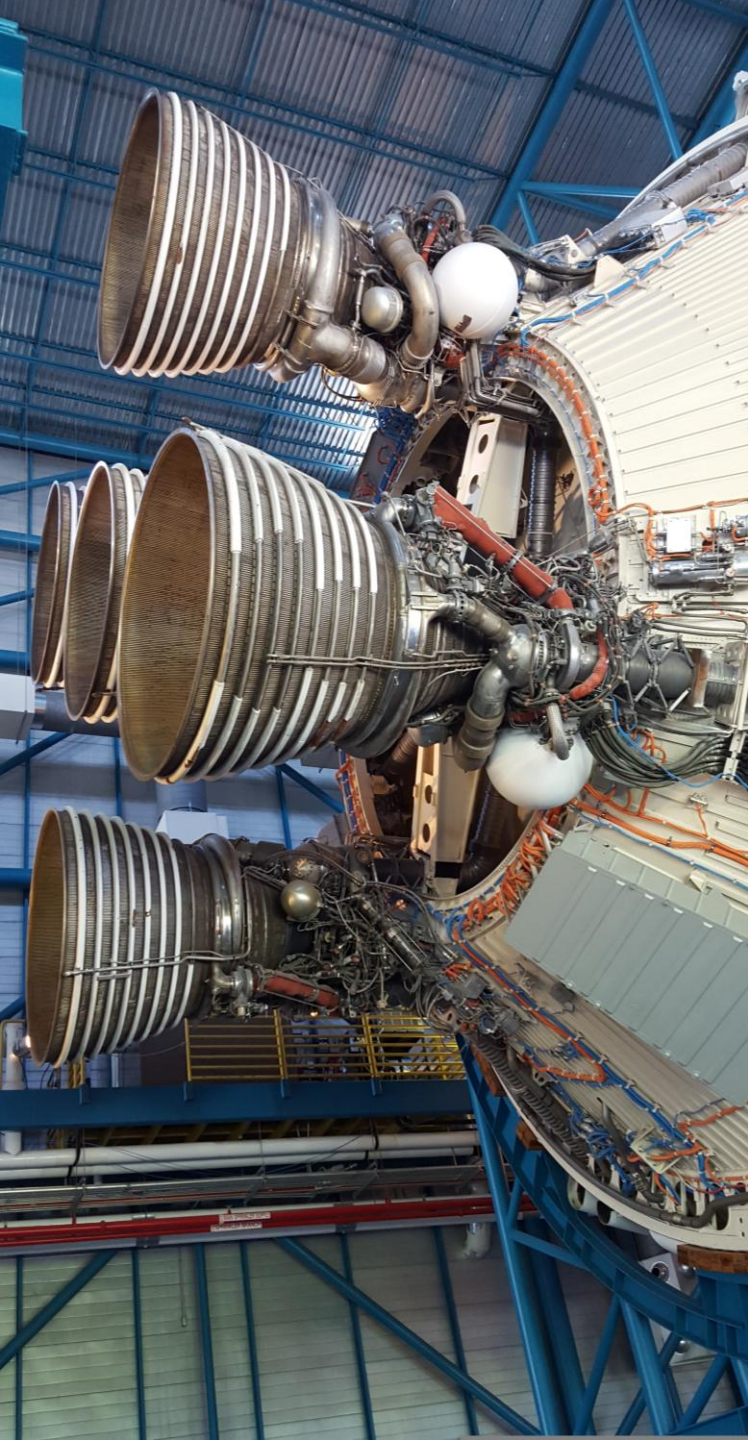


Replace



Keep the Tools from Optimization

- Keep the mindset - people, process, and software
- Keep the governance meetings
- Keep the team and keep improving the team through education - APICS
- Keep the discipline!!



Evaluation & Selection

- How much should we spend
- What is the best system for our manufacturing style
- How do I know it will work with my processes
- How do I know its best in class
- Selection should reduce risk – not introduce new unknowns.
- IMEC provides a structured, risk-reducing evaluation process



What is Entailed in E&S

- Evaluate
 - Current operating system
- Information Flow Mapping
 - What are the inputs
 - What are the processes
 - What are the outputs



Narrow the List & Report

- We go through the information flows and validate the proposed software(s) can do the job. IMEC is agnostic about software companies.
- Once validated, a short list and report is generated
- NDAs are sent out
- Information flows and other data are sent out

Conduct Demos

- Organize initial review with entire team with the each of the software companies
- Schedule day in the life demo - this can be as much as 2 days per software



Finalize Decision

- Once you have seen all demos, poll your team.
- Refine or ask final questions
- Quotes are normalized
- Understand the costs





LAUNCH!

A go-live is a launch decision – not a calendar decision.



Case Study B

An industrial manufacturer of ball bearings had a system from the 1980's that was obsolete and no longer supported.

- We recommended conducting an Evaluation and Selection process:
 - Full information flow mapping
 - Identify gaps between legacy functionality and current needs
 - Normalize vendor proposals for apples-to-apples comparison
 - Validate maintenance integration and production planning compatibility

Case Study B cont'd...

- Modern architecture with advanced analytics capability
- Integrated maintenance + production planning
- Preventative maintenance embedded in capacity planning
- Downtime feedback to improve routing standards

Result: Established scalable platform aligned with future growth and operational discipline.



Final Thoughts

If you are seeing untrustworthy data, processes that need more discipline, or a Feedback Loop implemented poorly or not at all, it's probably an indication that your ERP system may need optimization or replacement.



Thank You!



Share your feedback

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